

## Attachment

### WORKFORCE INVESTMENT ACT (WIA) 80% OBLIGATION REQUIREMENT

Examples of how the 80% of unobligated funds is calculated by DOL at the end of each program year.

#### **EXAMPLE 1:**

Situation: WDB X has the following amount of Adult funding.  
Assume that \$50,000 of the \$260,000 of expenditures is for Year 1 and there is no amount of the \$50,000 carryover unexpended.

Unexpended grant balance from year 1 of \$50,000.

Year 2 allocation is \$300,000 (Including \$30,000 for administration)

June 30, year 2 (year end) accounts show:

Expenditures of \$200,000 (Including a pro-rated share of administration costs)

Accrued expenditures of \$15,000

Obligations of \$60,000

Calculation:

Funds available (Carryover plus current allocation)	\$ 350,000
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80% is the obligation target ( $\$350,000 \times .80$ )	280,000
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Expenditures plus obligations ( $\$200,000 + \$15,000 + \$60,000$ )	- 275,000
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Amount under the 80% limit – subject to return to the state	5,000
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#### **EXAMPLE 2:**

Assume that in the above scenario, the carryover amount was not fully expended at the end of year 2.

Assume only \$40,000 of year 1 balance was expended.

Carryover amount would be reduced for the unspent \$10,000 returned to the state.

Assume all accrued and obligated expenditures relate to year 2 grant activity.

Funds available (Carryover plus current allocation)	\$ 350,000
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Reduction for unexpended carryover	- 10,000
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(Accruals and obligations for year 1 are no longer

Considered; only actual expenditures are considered)

Revised Funds available	340,000
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80% obligation target ( $\$340,000 \times .80$ )	272,000
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Expenditures plus obligations ( $\$200,000 + \$15,000 + \$60,000$ )	275,000
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Amount under the 80% limit – subject to return to the state	-0-
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Definitions:

**Expenditures** are actual cash outlays made.

**Accrued Expenditures** are items/services that have been received but not paid for yet.

**Obligations** are contracts for future items/services.